

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-11 INR-10 LAB-06

NSAE-00 PA-03 RSC-01 SIL-01 USIA-15 PRS-01 AGR-20

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P R 220206Z SEP 73

FM USLO PEKING

TO SECSTATE WASHDC PRIORITY 755

INFO AMCONSUL HONG KONG

C O N F I D E N T I A L SECTION 1 OF 2 PEKING 1104

E.O. 11652: GDS

TAGS: ETRD, BEXP, CH, US

SUBJ: USG PRESENCE AT CANTON TRADE FAIR

REF: STATE 180675

SUMMARY: USLO OFFICER OUTLINED TO OFFICIAL MINISTRY OF FOREIGN TRADE THE USG PLANS FOR COVERAGE OF THIS FALL'S CANTON FAIR. REACTION TO PLAN FOR BRINGING OFFICERS FROM CONGEN HONG KONG TO CANTON WAS NEGATIVE. USLO BELIEVES CHINESE WILL COMPROMISE ON THIS MATTER, BUT THAT FURTHER REPRESENTATION BY USLO MAY BE NECESSARY. END SUMMARY.

1. ON SEPTEMBER 21 USLO COMMERCIAL/ECONOMIC CHIEF HOROWITZ CALLED ON PENG CHIN-PO, DEPUTY HEAD OF THE THIRD SECTION OF MINISTRY OF FOREIGN TRADE TO DISCUSS USG PRESENCE AT FALL CANTON FAIR. USLO OFFICER ROPE AND HEAD OF MFT AMERICAN OFFICE LI SHU-TE, WERE ALSO PRESENT.

2. AFTER OPENING COURTESIES, HOROWITZ SAID PURPOSE OF VISIT WAS TO OUTLINE USLO PLANS FOR COVERING CANTON FAIR. HE SAID FAIR IS VERY IMPORTANT, SINCE IT IS PRINCIPAL LOCALE WHERE US FIRMS MAKE CONTACTS WITH THEIR CHINESE COUNTERPARTS, AND BECAUSE OF THE STRESS GIVEN THERE
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TO PURCHASES OF CHINESE GOODS WHICH WE HAVE BEEN TRYING

TO ENCOURAGE AS WELL AS US EXPORTS. HE SAID USLO HAS RESERVED A SUITE AT THE TUNG FANG HOTEL FOR THE DURATION OF THE FAIR, AND THAT HE PLANS TO BE THERE FOR THE OPENING AND FIRST TEN DAYS AND THAT ROPE WILL BE THERE FOR THE LAST TEN DAYS. IN ADDITION, HOROWITZ SAID, WE PLAN ON HAVING AN OFFICER FROM OUR HONG KONG CONGEN AT THE FAIR FOR THE FIRST TWO WEEKS AND ANOTHER OFFICER FROM HONG KONG FOR THE LAST TWO WEEKS. IN THAT WAY, HE EXPLAINED, EITHER ONE OR TWO USG OFFICERS WILL BE AT THE FAIR AT ANY TIME TO PROVIDE ASSISTANCE TO AMERICAN BUSINESSMEN.

3. HOROWITZ SAID THAT THE TWO CONGEN OFFICERS WE HAVE IN MIND ARE STARBIRD, WHO ATTENDED THE LAST FAIR, AND PERITO, WHO IS ROPE'S REPLACEMENT IN HONG KONG. HE POINTED OUT THAT BOTH THESE OFFICERS ARE ENGAGED IN WORK RELATED TO PROMOTION OF US-CHINA TRADE. HE ASKED PENG FOR ADVICE ON HOW WE SHOULD PROCEED WITH RESPECT TO USLO OFFICER'S PRESENCE AT THE FAIR AND WITH REGARD TO VISAS FOR OUR HONG KONG OFFICERS.

4. PENG NOTED THIS WILL BE THE FOURTH FAIR AT WHICH US BUSINESSMEN WILL BE PRESENT, AND AGREED THAT IT IS A VERY IMPORTANT PLACE FOR BUSINESS CONTACTS. HE SAID USLO PERSONNEL SHOULD GO THROUGH THE MINISTRY OF FOREIGN AFFAIRS FOR PERMISSION TO ATTEND THE FAIR. (THIS IS ROUTINE PROCEDURE FOR PEKING - BASED DIPLOMATS GOING TO THE FAIR AND MFA APPROVAL IS PRO-FORMA). HE NOTED THAT HE HAD MET MR. DEAN OF THE CONGEN AND ROPE AT THE LAST FAIR. AT THAT TIME, HE SAID, USLO WAS NOT YET ESTABLISHED. NOW THAT IT IS ESTABLISHED, HE CONTINUED, IT IS PERHAPS NOT NECESSARY FOR OFFICERS FROM HONG KONG TO ATTEND THE FAIR.

5. IN RESPONSE HOROWITZ SAID IT WOULD BE DIFFICULT FOR HIM AND ROPE TO COVER THE FAIR AS WELL AS OUR RESPONSIBILITIES IN PEKING WHERE THERE WILL BE MANY BUSINESS VISITORS AT THAT TIME. ANOTHER FACTOR, HE SAID, IS THAT BECAUSE US TRADE WITH CHINA IS SO NEW, MANY OF OUR BUSINESSMEN ARE LOOKING FOR USG ADVICE AND GUIDANCE. IT IS VERY IMPORTANT, ESPECIALLY IN THESE EARLY STAGES, THAT

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WE HAVE ADEQUATE PERSONNEL IN CANTON TO HELP. HE NOTED THAT OTHER MISSIONS IN PEKING ENLIST THE ASSISTANCE OF THEIR COMMERCIAL PEOPLE IN HONG KONG TO COVER THE FAIR, AND THEREFORE OUR PROPOSAL TO HAVE CONGEN OFFICERS AT THE FAIR IS NOT UNREASONABLE. HE ALSO STRESSED THAT PURPOSE OF BRINGING THESE OFFICERS TO CANTON IS NOT FOR THEM SIMPLY TO LOOK AROUND BUT RATHER TO WORK AT THE TASK OF ASSISTING AMERICAN BUSINESSMEN.

6. PENG SAID THAT NOT ALL COUNTRIES REPRESENTED IN PEKING HAVE REPRESENTATIVES FROM HONG KONG ASSISTING THEM AT CANTON. "SOME DO AND SOME DON'T." HE SAID USLO OFFICERS ARE VERY WELL QUALIFIED TO DO THIS WORK.

7. HOROWITZ THANKED PENG FOR THE COMPLIMENT, AND SAID WE HAVE WORKED HARD TO LEARN TO DO OUR JOBS BUT THAT HE AND ROPE, WHO DO ALL THE COMMERCIAL/ECONOMIC WORK, FIND THEMSELVES SPREAD THIN AT TIMES SUCH AS THE FAIR. THEREFORE, HE CONTINUED, IT WOULD BE MOST HELPFUL TO US IF WE COULD HAVE THESE PEOPLE FROM HONG KONG AT CANTON TO ASSIST US. PENG SAID HE WOULD CONVEY THIS MESSAGE TO THE "DEPARTMENTS CONCERNED" AND IF THERE WERE ANY RESULTS HE WOULD LET US KNOW.
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C O N F I D E N T I A L SECTION 2 OF 2 PEKING 1104

8. HOROWITZ SAID IT IS IMPORTANT THAT WE HAVE GUIDANCE ON THIS MATTER SO THAT IT WILL BE POSSIBLE FOR OUR PERSONNEL TO MAKE APPROPRIATE TRAVEL PLANS. HE ALSO STRESSED THAT WHILE USLO HAS RESPONSIBILITY FOR PROMOTION OF SINO-US TRADE, THAT OUR CONGEN COLLEAGUES IN HONG KONG SHARE THIS RESPONSIBILITY AND PLAY AN IMPORTANT ROLE IN ADVISING AMERICAN BUSINESSMEN. HE EXPRESSED THE HOPE THAT CAREFUL CONSIDERATION WOULD BE GIVEN TO USLO'S REQUEST. PENG SAID HE UNDERSTOOD WHAT HOROWITZ HAD SAID AND WOULD BE IN CONTACT WITH

US.

9. IN RESPONSE TO QUESTION AS TO HOW MANY AMERICANS ARE BEING INVITED TO THIS FALL'S FAIR, PENG SAID THE INVITATIONS ARE NOT YET ALL OUT BUT THERE SHOULD PROBABLY BE SOME INCREASE IN THE NUMBER OF AMERICAN FIRMS REPRESENTED. THE MAJORITY OF OLD CUSTOMERS ARE BEING INVITED, HE SAID, AND THERE WILL BE AN INCREASE IN NEWCOMERS. HE SAID CHINA WISHES TO INCREASE ITS CONTACTS WITH US BUSINESS FIRMS AND TO BROADEN THE NUMBER OF PRODUCTS TRADE.

10. IN CONCLUSION, HOROWITZ TOLD PENG OF THE FINE COOPERATION WE HAVE RECEIVED FROM THE VARIOUS FOREIGN TRADE CORPORATIONS, AND THAT THE TALKS WE HAVE HAD WITH THEM HAVE BEEN VERY PRODUCTIVE. AFTER FURTHER POLITE REMARKS ON CONFIDENTIAL

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BOTH SIDES, THE USLO OFFICERS FIRMLY REITERATED THE IMPORTANCE USLO ATTACHES TO HAVING THE ASSISTANCE OF CONGEN OFFICERS AT CANTON, AND EXPRESSED THE STRONG HOPE THAT APPROVAL WILL BE GIVEN TO OUR PROPOSAL.

1. COMMENT: OUR PREVIOUS IMPRESSION OF PENG IS THAT HE IS NOT VERY SPECIFIC IN HIS REPLIES. THE DIRECTNESS WITH WHICH HE TOLD US THAT IT "MAY NOT BE NECESSARY" FOR US TO HAVE CONGEN OFFICERS AT CANTON, GAVE US THE CLEAR IMPRESSION THAT HE WAS UNDER INSTRUCTIONS AND WAS PREPARED TO MAKE THAT STATEMENT. THIS IS ONE OF THE MOST EXPLICIT INSTANCES WE HAVE HAD OF NEGATIVE PRC ATTITUDE TOWARD CONGEN HONG KONG'S CHINA ROLE. WE SUSPECT THE CHINESE WILL COMPROMISE IN THIS CASE AND WILL PERMIT US TO HAVE HELP FROM HONG KONG THOUGH PERHAPS NOT TO THE EXTENT WE REQUESTED. IF WE DO NOT HEAR FROM PENG BY EARLY OCTOBER, WE WILL HAVE TO RAISE THE QUESTION AGAIN.

12. IN VIEW OF PENG'S POSITION ON THIS MATTER, USLO OFFICERS DECIDED AGAINST EXPRESSING APPRECIATION FOR PRC AGREEMENT TO PERMIT THE NATIONAL COUNCIL FOR US-CHINA TRADE TO PLAY A ROLE AT CANTON; TO DO SO WOULD ONLY HAVE GIVEN HIM ANOTHER ARGUMENT TO USE AGAINST BRINGING CONGEN OFFICERS TO CANTON.
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